

**MINUTES OF THE
JOINT CAPITAL FACILITIES & ADMINISTRATIVE SERVICES
APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, FEBRUARY 12, 2003, 2:00 P.M.
Room 403, State Capitol Building**

Members Present: Sen. Beverly Evans, Committee Co-Chair
 Rep. Loraine T. Pace, Committee Co-Chair
 Sen. Greg Bell
 Sen. Mike Dmitrich
 Rep. Roger Barrus
 Rep. Ralph Becker
 Rep. DeMar “Bud” Bowman
 Rep. D. Gregg Buxton
 Rep. David Clark
 Rep. Stephen Clark
 Rep. Wayne Harper
 Rep. Brent H. Goodfellow

Staff Present: Kevin Walthers, Fiscal Analyst
 Jonathan Ball, Technology Analyst
 Bonnie Brinton, Committee Secretary

List of those also present: Glen Beagle, Program Manager, Forestry, Fire and State Lands
 Advisory Council
 Bart Blackstock, Deputy Director, Department of Public Safety
 Robert Flowers, Commissioner, Driver’s License, DPS
 Major General Brian L. Tarbet, Utah National Guard
 David Hart, Executive Director, Capitol Preservation Board
 Myron March, Director, Courts Administration
 Gordon Bissegger, Management Services, Courts
 Sen. Craig W. Butters, Utah State Senate
 Mayor, Bryan Holladay, West Jordan
 Joe Jenkins, Director, DFCM
 Gary Luebbers, City Manager, West Jordan
 Mayor Monte Evans, Riverton
 Nancy Sonntag Lyon, University of Utah
 Lynne Ward, Director, GOPB
 Camille Anthony, Executive Director, DAS
 Alan Edwards, Director, risk Management
 David Lamb, Deputy Director, DAS
 Ken Nye, Program Director, DFCM

List of others present on file.

Co-Chair Evans called the meeting to order at 2:10 p.m.

1. Forestry, Fire and State Lands Advisory Council

Glen Beagle, Program Manager, presented a facility acquisition proposal - the Lone Peak Conservation Center. This Center was established at its current site in 1972 as a state nursery. Soon after, it added the Flame-In-Go inmate program as a fire suppression resource. Since then, with the enactment of the National Fire Plan, the Center has utilized federal funds to establish the Lone Peak Hotshots and Lone Peak Engines programs.

The Manager explained the problems of space and safety. He stated that the Lone Peak facilities are virtually "bursting at the seams." Lone Peak proposes to acquire the "SWAT facilities" for the Lone Peak Hotshots and the Lone Peak Engine fire programs. Dedicated credits from the Lone Peak Conservation Center's operations would be transferred to reduce the funding needed to build a new facility for the Special Operations Unit.

The requested amount is \$997,000.
The total cost of the project is \$1,300,000.

2. MOTION: Rep. D. Clark moved to approve the minutes of February 5 and 7, 2003.

The motion passed unanimously with, Sen. Bell and Reps. Becker and S. Clark absent for the vote.

3. Driver's License

Bart Blackstock, Deputy Director, and Robert Flowers, Commissioner, presented information regarding the proposed West Valley Driver License Replacement. Mr. Flowers explained that the project would replace the existing 6,330 square foot Driver License office that was built in 1975. The existing facility would then be demolished and converted to parking.

The Commissioner further stated that the Department of Public Safety indicates that existing fee levels generate sufficient restricted revenues to fund the debt service, increased operations and maintenance, and additional staff. This project would not place any new demands on the State's General Fund. DFCM's assessment indicates that it is not cost effective to renovate the building or build an addition onto it.

The Analyst recommends approval of a revenue bond in the amount of \$1,242,000 to be

funded from restricted accounts. The Department is requesting intent language to accomplish this recommendation.

Total Estimated Cost is \$1,242,000.

4. National Guard

Major General Brian L. Tarbet presented information regarding a new National Guard Armory to be placed in North Salt Lake. He explained that the Utah National Guard recently sold its Murray Armory, relocating three units to its Camp Williams Facility. The federal government provides a three to one match on state funds for new armories, but insists that funding be in place prior to allocation of funds. The Guard believes that the addition of a new unit will allow them to move to the “front of the line” in receiving federal funds so long as they can show a state commitment.

Mr. Walthers, Fiscal Analyst, stated that if any facility or highway bond is approved during the 2003 General Session, he recommends adding an authorization of \$2,500,000 for a new National Guard Armory. The Analyst also recommends adding language to the bond bill that allows issuance only upon receipt of federal funds in the amount of \$7,800,000 to fund the balance of the project.

5. Capitol Preservation Board

David Hart, Executive Director, presented information regarding the Capitol Restoration Project. He stated that a decision on this project is needed. Last year the Legislature approved design funds for the base isolation and restoration of the Capitol, allowing the Board to move forward with engineering and architectural design for the Capitol Building during the eighteen month construction of the expansion wings.

Mr. Hart explained that the appropriation as presented last year, provided sufficient funds for the project to stay on track through FY 2004. The appropriation assumed continued progress in phases, including the closure of the Capitol in 2004 as staff moved into the expansion wings.

The Executive Director further stated that if the Legislature wants to postpone the main restoration project, the heat plant will need to be funded this year in order to keep all three buildings open. The master plan developed by the Board and approved by the Legislature will now provide three options for funding in FY 2004:

1. Continue with original plan to fund the balance of the Capitol project in the

2004 General Session.

2. Provide funding for a new heat plant during the 2003 General Session.
3. Continue with master plan into 2004 General Session and decide then whether to proceed with restoration.

The Capitol Preservation Board is requesting \$20,000,000. This includes \$10,000,000 for the heat plant, \$2,000,000 for terrace stone, \$3,000,000 for demolition, and \$5,000,000 to purchase long-lead items that have to be custom designed. Funding for base isolation is also a consideration.

Mr. Hart distributed a large handout containing information regarding the New Central Plant. The Executive Director's recommendation is two part:

1. Follow through with the CPB Master Plan and construct the Central plant at the same time as the restoration of the Capitol is proceeding.
2. Resolve the Archives relocation issues in the 2003 session.

Co-Chair Evans and Mr. Walthers commended Mr. Hart and stated that the original projections for the project were \$400 million. This estimate has been cut in half, resulting in a new, more accurate, estimate of \$200 million. The Analyst stated that it will only cost \$9 million more to build the two new buildings than it would to lease space downtown for the government offices during the restoration. The result is two permanent buildings worth \$41 million dollars instead of the cost of leasing at \$35 million with nothing to show for it.

An interesting detail that Mr. Hart explained was that the two wing buildings were found in the original plans from 95 years ago when the plans were first drawn up.

6. Courts

Myron March, Director, Courts Administration, and Gordon Bissegger, Management Services, presented information regarding the FY 2004 South Valley Courthouse Expansion Project and the Tooele Courthouse Project.

Mr. March discussed the factors contributing to the need for expansion and or construction of a new facility. He also explained the problems with the existing Sandy Courthouse. He explained that in 2002, the Legislature adopted intent language stating that the Division of Finance shall set aside \$475,000 in excess court fees to be used by the courts for programming and design of new court space in Salt Lake County.

The Director further explained that the Courts initially requested a new courthouse for Juvenile Court and then later expand the existing Sandy Courthouse for District Court. In April, 2002, West Jordan offered to sell sufficient land to meet needs for both Courts through 2020; and in November, 2002, the Building Board approved the concept of a co-located facility in West Jordan.

Mr. Bissegger discussed the South Valley Courts Facility Options. He stated that in October, the Judicial Council voted to adopt Option C - 12 Courts in West Jordan, five Juvenile, four district, three shelled - conditional on the sale of the Sandy Courthouse. Failing this sale, the recommendation is to fund Option B, Column 2 - eight Courts in West Jordan, Juvenile Court, five finished courtrooms, and three shelled - during the 2003 Legislature; a request could be submitted to phase the move of the District Court to West Jordan later.

Mr. Bissegger also stated that because their need for a facility for Sandy Justice Court is urgent, the City has requested a clause that would void the purchase agreement if the 2003 Legislature does not approve the West Jordan Courthouse project.

Sen. Butters testified in behalf of this request and stated that the Courts have not come to the Committee seeking money from the State—they are seeking the approval of this Committee for this project. He stated that this facility would bring needed development to West Jordan.

Mayor Bryan Holladay, West Jordan, stated his support for this project and explained that the City Council is very supportive. He explained that West Jordan would do the bonding, and that Sandy City wants to purchase a facility for the Sandy Justice Court and would be willing to pay \$5 million to \$6 million.

Joe Jenkins, Director, Department of Facilities Construction and Maintenance, stated that there has been a two-year process of negotiating this project. Before anything can be signed, Sandy City must give their approval.

West Jordan City Manager, Gary Luebbers, stated that he would prefer that the State do the bonding. It would cost the West Jordan City \$500,000 more to do the bonding for itself. He stated that DFCM can accomplish the project much more cost effectively than the City could.

Mr. Bissegger explained the chart showing the cost comparison if Courts had to use two sites for the South Valley workload vs. one site.

Mr. Walthers distributed intent language directed toward to lease purchase agreement for a state Courthouse in the City of West Jordan, the projected amount of enhanced revenues to cover the repayment of any obligation, and that Sandy City has agreed to purchase the existing Sandy Courthouse.

Mr. Bissegger also discussed the Tooele Courthouse Project. He explained that the Third District Court shares space with Tooele County at the Tooele Complex. After exploring several options, it appears that a lease-purchase funded through court fees offers the best option to provide new space. He stated that Tooele County has offered to establish a municipal building authority to fund the project. It has also offered to donate land (valued at \$784,100) for the new courthouse as an incentive for the Legislature to provide funding in 2003. Due to the construction timetable, no additional appropriation is needed until FY05.

The Analyst is recommending, because of the inability to provide additional state funds, approval of the \$8.15 million project with the conditions outlined in intent language which provides for the use of available court fees to fund a lease-purchase for new court facilities in Tooele.

7. Riverton City/University of Utah

Mayor Monte Evans, Riverton, introduced this project as an informational item only, and there is no action requested from the Committee. The project is the purchase of the Rosecreek Elementary School to create a high-tech center in Riverton. He pointed out that the school is located on 17 acres of prime ground at 12800 South and 3600 West. It is adjacent to Intel's Utah campus to the south, Intermountain Health Care to the north, and the new Stampin' Up distribution, manufacturing, and corporate headquarters site just to the east. The estimated purchase and renovation cost would be \$9 million.

Nancy Sonntag Lyon, representing the University of Utah, stated that the U of U is looking forward to addressing the needs of higher education in this area. She stated that this would help with increasing enrollments at SLCC and UVSC.

Mayor Evans concluded with inviting the Committee to come to Riverton to hold an interim meeting and offered to provide lunch.

8. Rate Approval

Mr. Walthers explained the Rate Schedules. These represent the anticipated fees charged by different Divisions within Internal Service Funds. The Analyst listed the people on the

Rate Committee who set the rates and discussed a summary of FY 2004 Internal Service Fund Adjustments. He pointed out that the largest increases are in Administrative Services, ITS; Adult Corrections; and Higher Education. There is a total operations budget of \$1,000,600, for which the Analyst said there have been no allocations made.

Lynne Ward, Director, GOPB, explained that the greater part of the increases are a result of additional risk because of public safety issues.

Mr. Walthers stated that if the Committee approves the rate adjustments, an appeal must be made to Executive Appropriations to fund the increases with agency new money.

Camille Anthony, Executive Director, DAS, appealed to the Committee to approve the rates. She responded to questions from Committee members on downsizing fleet costs, and stated that risk increases are a nationwide problem.

Alan Edwards, Director, Risk Management, discussed the issue of increased rates regarding the problems with the Marriott Library at the University of Utah. He stated that the increases are linked to the value of the rare collections stored at the library and the reinsurance market nationwide. The University administration is attempting to alleviate these issues by putting fire divisions in to try to lower the costs of insuring their collections.

Ms. Lyon agreed with the Director and stated that there are serious issues with fire and the roof leaking. She stated that the rare collections are covered with visquene for protection.

MOTION: Rep. Goodfellow moved to approve the Rates as presented.

The motion passed unanimously

MOTION: Sen. Dmitrich moved to instruct the Co-Chairs to identify the \$1,000,600 in rate adjustments to the Executive Appropriations Committee as a "high alert" issue and seek a solution.

The motion passed unanimously.

9. Intent Language

Mr. Walthers introduced intent language regarding Debt Service.

MOTION: Rep. Goodfellow moved to accept the following intent language:

When necessary to meet interest requirements on variable rate demand obligations issued to finance highway construction projects, the Division of Finance may request a transfer of funds from the Department of Transportation. After receiving such a request, Transportation shall transfer monies from the Centennial Highway Fund to the Debt Service Fund to pay interest on variable rate demand obligations issued to finance highway construction.

The motion passed unanimously.

The Analyst reviewed Lease Revenue Bonding and General Obligation Bonding.

Co-Chair Pace asked to discuss the issue of ISFs adding employees and reserved the right to make a motion.

Mr. Walthers explained that prior to FY 2003, the Legislature allowed ISFs to add employees if the addition was the result of a transfer from an appropriated budget. DFCM also received permission to add FTEs to handle new contracts that came about after the Legislative session. In the past he has recommended intent language that allowed ISFs the ability to exceed authorized FTE levels, but is not recommending continuation, with one exception noted in the DFCM report.

MOTION: Co-Chair Pace moved to approve the following intent language, adding the phrase, “*New FTEs should receive prior approval.*”

It is the intent of the Legislature that Internal Service Funds of the Department of Administrative Services be allowed to add FTEs beyond the authorized level if it represents a benefit to the state and a decrease of FTEs in the user agency. The total FTEs within state government shall not change with this shift of FTEs. Agencies transferring FTEs to Internal Service Funds shall report to the Executive Appropriations Committee decreased personal service expenditures and corresponding increased Internal Service Fund charges as a result of the transfer.

Ms. Anthony and David Lamb, Deputy Director, DAS, responded with examples to explain the purpose of the intent language.

Mr. Walthers clarified the fiscal impact of this transfer of FTEs. He stated that he feels reassured that the Agencies will not abuse the allowances made in the intent language. He

also stated that reporting up front to show the savings would be appropriate.

Ms. Anthony stated that she would be willing provide the requested report to the Analyst.

Co-Chair Pace stated that she would be willing to add, "*report the addition of FTEs and review next year*" to the intent language in her motion.

The motion passed with Rep. Harper voting against the motion.

MOTION: Sen. Bell moved to instruct the Analyst to draft intent language requesting DAS to report the addition of FTE's to the Co-Chairs and the Committee.

The motion passed unanimously.

10. Requested Transfers of Budget Cuts Between Programs and Line Items in the Division of Administrative Services

Mr. Walthers explained the information on a sheet entitled, "Requested Transfers of Budget Cuts Between Programs and Line Items in Division of Administrative Services."

MOTION: Rep. Goodfellow moved to approve the requested transfers of budget cuts between programs and line items in DAS.

The motion passed unanimously.

11. Supplemental Recommendations of the Appropriations Subcommittee for Capital Facilities and Administrative Services for the Fiscal Year ending June 30, 2003

Mr. Walthers explained the information on a sheet entitled, "Supplemental Recommendations of the Appropriations Subcommittee for Capital Facilities & Administrative Services For the Fiscal Year Ending June 30, 2003."

MOTION: Rep. Buxton moved to accept the supplemental recommendations of the Appropriations Subcommittee for Capital Facilities & Administrative Services for the fiscal year ending June 30, 2003.

The motion passed unanimously.

12. Recommendations fo the Appropriations Subcommittee for Capital Facilities and Administrative Services for the Fiscal Year Ending June 30, 2003

Mr. Walthers presented a list entitled, "Recommendations of the Appropriations Subcommittee for Capital Facilities & Administrative Services for the Fiscal Year Ending June 30, 2003. He stated that this is informational only and provides a record of the actions taken by this Committee during this session of the Legislature.

Ken Nye, Program Director, DFCM, responded to questions from Committee members regarding the projects managed by DFCM. He stated that this Department has between 200 and 250 projects and \$650 million. The FTEs have decreased from 53 to 35 in recent years.

13. Memorandum from John Massey, Legislative Fiscal Analyst

Mr. Walthers distributed a copy of this memo to each Committee member. It is regarding revenue transfers.

14. Capital Budget Approval

The Analyst projected a spreadsheet onto the screen in an effort to facilitate the approval of the Capital Budget. He discussed options and explained funding.

MOTION: Rep. Buxton moved to accept a list he has proposed as a starting point to determining which projects to fund.

Mr. Jenkins discussed the issues involved in funding the Archives request.

Sen. Dmitrich reminded the Committee of the desperate situation involving the CEU dorms and reiterated his request that the dormitory debt be funded by the State in the amount of \$2,515,900. Mr. Jenkins responded by saying he would prefer to fund one year only in the amount of \$215,000.

SUBSTITUTE MOTION: Rep. Harper moved to approve the Rep. Buxton's list for consideration with the addition of limiting the amount to \$64 million and adding CEU's funding in the amount of \$2,515,900.

Rep. Bowman stated that he would like the list to include the Education Building project for SUU.

Rep. Becker requested a division of the motion. He expressed appreciation to Rep. Buxton for spending the time to provide a list for the Committee to work from. However,

he expressed concern that the Committee was departing drastically from the lists provided by the Board of Regents and the Building Board. He stated that he is concerned about the safety issues regarding the libraries at the U of U and USU and feels that the State may have some serious liability issues should there be an earthquake.

MOTION: The first half of the motion by Rep. Harper was to limit the bond to \$64 million.

The first half of the motion passed, with Reps. Bowman, D. Clark and S. Clark voting against the motion.

Mr. Walthers explained the issuance costs of the budget.

Rep. S. Clark stated his concern with the safety issues discussed and proposed the maximum amount of the bonding be raised to a more reasonable amount, such as \$74 million.

MOTION: The second half of the motion by Rep. Harper was to approve the proposed list as a basis to begin determining the capital budget.

The second half of the motion passed, with Reps. Becker, Bowman, and D. Clark voting against the motion.

MOTION: Sen. Bell moved to accept the Lease/Purch. - Revenue Bond on the proposed budget from lines 27 through 32, including Driver's License - West Valley, \$1,242,000; Courts - Tooele, \$6,672,000; Courts - West Jordan, \$13,399,000; DFCM Logan Regional Center, (Federal Funds, \$2,969,000) \$5,340,000; DFCM Ogden Regional Center, \$10,084,000; DFCM St. George Regional Center, \$10,084,000.

The motion passed, with Rep. D. Clark voting against the motion.

MOTION: Rep. Barrus moved to accept the Gift Items/Donations.

The motion passed unanimously.

MOTION: Rep. Harper moved to accept the following intent language with amendments regarding the proposed Courthouses:

West Jordan:

(a) *It is the intent of the Legislature that the State Building Ownership*

Authority, under the authority of Title 63, Chapter 9a, State Building Ownership Authority Act, may issue or execute obligations, or enter into or arrange for a lease purchase agreement in which participation interests may be created, to provide up to \$14,099,000 for the construction of a state Courthouse in the City of West Jordan together with additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund any debt service reserve requirements.

(b) It is further the intent of the Legislature that, prior to entering into the obligations authorized by this subsection, the State Building Ownership Authority confirm that (i) the projected amount of fee revenues to be collected by the Courts is adequate to cover the repayment of any obligation created under authority of this subsection; and (ii) Sandy City has entered into a binding agreement with the Division of Facilities Construction and Management to purchase the existing Sandy Courthouse at an amount that will provide sale proceeds, net of any rent that may be charged to the Courts for occupying the Sandy courthouse during construction of the new courthouse, of not less \$4,500,000 to be applied to the cost of the new courthouse in the City of West Jordan.

Tooele:

(a) It is the intent of the Legislature that the Administrative Office of the Courts enter into a lease purchase agreement with Tooele County for a new Courthouse at a cost to the State of not more than \$6,672,000 plus financing costs.

(b) It is further the intent of the Legislature that, prior to entering into the lease purchase agreement authorized by this subsection, the Judicial Council confirm that the projected amount of fee revenues to be collected by the Courts is adequate to cover the repayment of any obligation created under authority of this subsection.

Mr. Bissinger responded to this motion and explained that unless the fees are increased, there will not be a sufficient revenue stream to cover the repayment of their obligations.

SUBSTITUTE MOTION: Sen. Bell moved to table the motion.

The substitute motion passed unanimously.

MOTION: Rep. Bowman moved to adjourn the meeting

The motion passed unanimously.

The meeting was adjourned at 5:10 p.m. by Co-Chair .

The minutes were reported by Bonnie Brinton

Sen. Beverly Evans
Committee Co-Chair

Rep. Loraine T. Pace
Committee Co-Chair